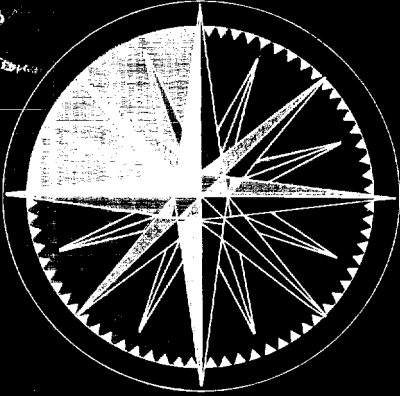


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4 June 1965

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WEEKLY SUMMARY

State Dept. review
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Navy review
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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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(Information as of noon EDT, 3 June 1965)

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Western Hemisphere

SITUATION IN THE DOMINICAN REPUBLIC

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The military situation remains largely unchanged, although rumors of an imminent loyalist offensive are spreading. Rebel leaders rejected a call by Antonio Imbert for elections supervised by the Organization of American States, but other moves are still being made to break the political deadlock. The OAS seems to be strengthening its position in the crisis and has stepped up its peacemaking efforts.

URUGUAY'S ECONOMIC AND POLITICAL STATE REMAINS UNSTABLE

25

Uruguayan officials continue to evince concern over reports in the responsible Brazilian press that Argentine and Brazilian leaders have formulated plans to intervene in Uruguay to forestall Communist and extremist exploitation of the growing political and economic deterioration.

BOLIVIA BEGINS MINE REFORM

26

The junta this week began putting into effect a decree which, if correctly implemented, will drastically reform practices in the national mine system which heretofore have been blatantly favorable to labor and detrimental to Bolivia's whole economy.

COLOMBIA'S "POSTCRISIS" SITUATION

27

The imposition of a state of siege on 21 May and the resignation of the controversial rector of the University of Antioquia seem to have placated for the moment the spirit of unrest that swept Colombia in the last two weeks of May.

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United Nations

UNITED NATIONS AND REGIONAL ORGANIZATIONS

28

There has been little support among UN members for the US claim that the Organization of American States, rather than the UN, has primary jurisdiction in the Dominican crisis.

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VIETNAM

The Soviet Union continues to move military equipment into North Vietnam.

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At the same time that the USSR is stepping up its supply of weapons, Soviet officials continue their efforts to influence US policy by underscoring the seriousness of the Vietnam conflict, and by warning of Moscow's determination to support North Vietnam at the cost of further deterioration in US-Soviet relations. On 27 May, a ranking Soviet official in the UN Secretariat told Ambassador Stevenson that bilateral US-Soviet deals were no longer possible. He suggested that "the next several months would be crucial," and noted that both Moscow and Washington are now "extremely limited" in their freedom of action.

Viet Cong Actions

The Soviet officials remarks concerning the next few

months is probably related to the developing military situation in South Vietnam. The long expected Viet Cong offensive in the northern part of the country, upon which the Communists are apparently setting much weight, may have begun. Beginning about 28 May, the Viet Cong launched a series of wide-ranging attacks and ambushes, inflicting heavy losses on government forces. A considerable part of this effort was directed against district towns and bridges on north-south land routes, particularly coastal Route 1. This road sabotage, in addition to serving strategic considerations of isolating central Vietnam and forcing increased government reliance on air, may also have the tactical purpose of hampering overland government relief forces and rendering them more vulnerable to ambush.

Although the bulk of Viet Cong regular units are still largely uncommitted, several actions last week apparently involved main force and provincial units. At least ten actions were of company or battalion strength. The most significant of these involved an estimated five battalions which on 29 May attacked and scattered two government companies near Ba Gia, a government headquarters about ten miles west of the capital of Quang Ngai Province. Over the next two days, the Viet Cong ambushed and severely crippled

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a relief force of three government battalions, before being driven off by US jet air strikes. From 1 to 3 June, the Viet Cong, probably operating in battalion strength, overran a district capital in the central highlands, and conducted a series of successful ambushes.

It is still too early to predict the magnitude of the offensive, although the pattern suggests an effort to isolate coastal towns and cities in the north from the highlands and Saigon area at a time when air activity is increasingly hampered by bad weather. The Viet Cong have the capability to undertake more ambitious large-scale actions in various parts of the country, but whether they will do so will depend on their assessment of their vulnerability to rapid air reaction and the increased aggressiveness now being shown by government ground forces.

DRV Political Developments

North Vietnamese propaganda suggests that Hanoi is giving particularly careful consideration to the results of current Viet Cong military operations. Viet Cong successes were played up heavily by the DRV press media. The tone of the propaganda implies that Hanoi remains confident of the Viet Cong ability to gain ground in South Vietnam, despite the increased US military commitment there. According to a party daily editorial of 2 June, the recent Communist victories "prove" that the "US imperialists cannot retrieve their defeat" through the increased use of US troops and weapons in South Vietnam.

The sustained air of confidence in the DRV was evident at the

"International Solidarity Conference on Vietnam" which opened in Hanoi on 1 June. Before delegates of leftist and Communist organizations from the bloc and the Afro-Asian area, North Vietnamese Premier Pham Van Dong declared that the Vietnamese people do not fear the US but are instead beating it with its own stick. He reasserted the standard DRV terms for settling the war, declaring them the "correct, logical" basis for solving the conflict.

Developments in China

Chinese statements during the past several days reflect concern that the increase in Communist military pressure in Vietnam will provoke stronger US counterblows and appear designed to deter the US from such actions by underscoring the possibility that Peiping might respond by more direct involvement. A harsh article by "Observer" in People's Daily on 1 June is more threatening, and more explicit, than earlier Chinese warnings concerning the possible consequences of such moves. It does not, however, go beyond existing Chinese commitments to help the Vietnamese Communists.

Observer notes in detail recent US actions to step up the war and states that these indicate that the US intends to escalate the war to the Korean-war level. He declares that this dramatic change in the situation requires a warning to the US in "plain, unequivocal terms."

The Chinese restate the idea, first broached in February, that US attacks give the DRV the "right" to counterattack across the demilitarized zone by declaring that the

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demarcation line has "ceased to exist." The possibility to direct Chinese participation, perhaps on a broad front, is raised once again by a new statement concerning the threat to China's security posed by the US actions in Vietnam. The article asserts that US moves have made a farce of the boundaries between Laos, Vietnam, and Thailand. Peiping thus linked Thailand more closely with the Vietnam problem.

Political Developments
In the South

In Saigon, the political impasse created by the refusal of Chief of State Suu to approve two of Premier Quat's new cabinet appointments continues unresolved, although there are renewed efforts to devise a formula under which Suu would withdraw his legalistic objections under recommendation of the National Legislative Council. Failing this solution, which de-

pends on the good faith of both the council and Suu, Premier Quat would appear to have little choice but to back down himself, thus setting a precedent which could hamstring him in the future.

The impasse has been complicated by the coalescence around Suu of opponents of Quat, primarily the Southern politicians and regionalists and militant Catholics, determined to use the issue to force Quat's downfall. Led by the Catholics, these factions are beginning to resort to antigovernment demonstrations which may threaten the regime's stability even if the cabinet question itself is solved. There are indications that some military leaders, while sympathetic to Quat, are increasingly restive over renewed squabbling by civilians, and may feel compelled to intervene if the political crisis deepens.

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The Communist World

LONG-TERM CREDITS IN EAST-WEST TRADE

The USSR has not yet taken full advantage of Western promises of long-term credits, but East European countries find them increasingly useful to finance growing imports of industrial plants.

The USSR, apparently concerned about the high cost of long-term credit and the size of its current obligation for future payments, has used less than a quarter of the more than \$700 million in new credits available last year. Of the approximately \$150 million used, London has been the chief source with \$70 million for a synthetic fiber complex and four smaller credits totaling \$35 million for other textile and chemical plants. France, West Germany, and Japan extended one each. Bonn's covers the construction of ships, Japan's a fertilizer factory, and France's a small plant to produce composition wall coverings. The contracts run for periods of 8-11 years at rates of interest up to 6 percent.

Willingness to provide long-term credit did not discernibly increase sales of Western machinery and equipment to the USSR. The only apparent benefit to those countries offering it has been the attraction of a larger share of the diminished volume of Soviet orders.

Like the USSR, the East European countries recognize the limits of their ability to meet credit obligations. This consideration accounts in part for their interest in "joint production" schemes, a wide variety of efforts to reduce the problem of financing imports of Western plants. In most cases arrangements are sought which commit the seller to help earn additional foreign exchange.

Nevertheless, the second largest long-term credit for a bloc country has gone to Rumania. France has guaranteed 80 percent of the \$62-million value of power-plant equipment to be exported to Bucharest. This brings total sales of equipment on long-term credits to Eastern Europe to over \$150 million. In most cases complete chemical plants are involved.

East European countries also make considerable use of five-year credits, especially those which in effect become long-term credits because payments begin only after the goods have been shipped. Bulgaria, for example, has purchased in the past year fertilizer and textile plants worth over \$70 million on such conditions.

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USSR PLANNING FOR INDUSTRIAL REFORM

Reforms in the organization and management of Soviet industry are being discussed at the highest party and government levels, according to party presidium member Podgorny. In a speech on 21 May, Podgorny said this subject was being worked on "just as carefully and comprehensively" as the agricultural program adopted by the central committee in March.

Industrial reform presumably will be the major topic at the next central committee plenum, which the US Embassy reports may be held this month. Recently published interviews with the liberal economist Yevsey Liberman--the leading academic proponent of industrial reform--indicate, however, that the final decisions have not yet been made. Publication of these interviews as well as Podgorny's assertion--after several months of relative regime silence on the subject--probably reflects some progress toward ideologically acceptable measures.

The interviews with Liberman suggest that the managerial part of the reform will draw on his ideas, but that the regime has not yet decided in what form these innovations will be extended beyond light industry. In general, the reforms associated with Liberman consist of increased freedom for enterprise managers, direct ties between producers and customers, and the use of profit as the main criterion of enterprise per-

formance. Successful tests in pilot plants last summer led to the decision to expand this system of operation to more than 400 light industrial enterprises this year. Three or four plants in heavy industry have been experimenting with elements of the Liberman reform package since January, and the initial results at one installation have already been termed successful.

Although there is less evidence on the organizational aspects of the reform, they are likely to involve either the reconstitution of certain key ministries, as was done for the defense industries in March, or the strengthening of existing ministries such as occurred in the Ministry of Agriculture at the same time. Khrushchev's system of regional economic councils may also be further modified in light of the various attacks on--and defenses of--this system of economic administration since the change of leadership last fall.

Podgorny's comparison of the regime's moves toward industrial and agricultural reform obscures the differences between the two problem areas. The program adopted for agriculture is a first step that will considerably increase government support of this perennial stepchild of the Soviet economy. It recognizes the most obvious financial needs but does not provide labor incentives, improved management, or more efficient organization. These are the very questions that the prospective industrial reform must answer.

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SOVIET TACTICS AT UN DISARMAMENT COMMISSION SESSIONS

Moscow is using the sessions of the UN Disarmament Commission (UNDC), now in their fifth week at New York, to attack US policies around the world as well as to defer indefinitely a resumption of talks in Geneva by the Eighteen-Nation Disarmament Committee (ENDC). Soviet leaders probably believe that a resumption of the Geneva talks in the immediate future would be incompatible with Moscow's unyielding public posture on the Vietnam crisis and would only invite further Chinese allegations of Soviet "plotting" for peace talks.

In private conversations, several Soviet officials have specified that the USSR cannot go back to Geneva now or agree to a fixed date in the future because of the "international situation." They have stressed that resumption of the Geneva talks would be "pointless" with US bombs "falling in Vietnam."

Publicly, however, the Soviet delegation has been careful to avoid any formal refusal to return to Geneva which would allow the Afro-Asian countries to accuse Moscow of deliberately scuttling the talks. Instead it is working behind the scenes to promote a call for a world disarmament conference to "provide directives" for the ENDC. These efforts are showing results among the nonaligned states and of course the Communist states, and even among some US allies.

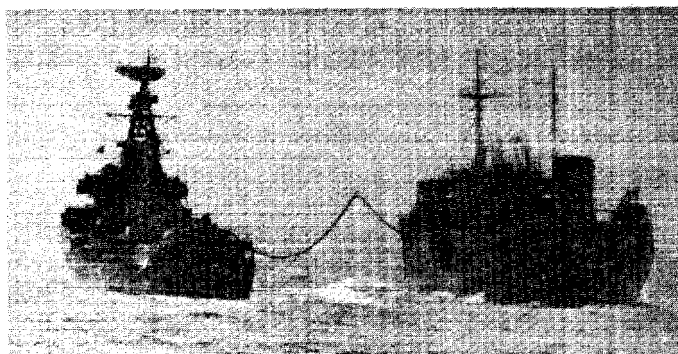
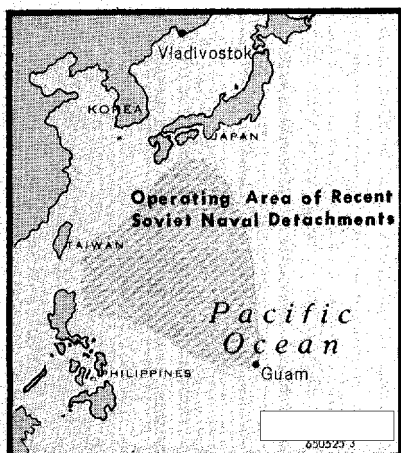
The Soviets on 27 May tabled two highly propagandistic draft resolutions which they know are unacceptable to the US. These drafts revive calls for liquidation of foreign military bases and troops on foreign soil and for a ban on the use of nuclear weapons. For this latter purpose, Moscow urged a meeting of all states not later than the first half of 1966 and a prior declaration by nuclear powers that they will not use nuclear weapons first.

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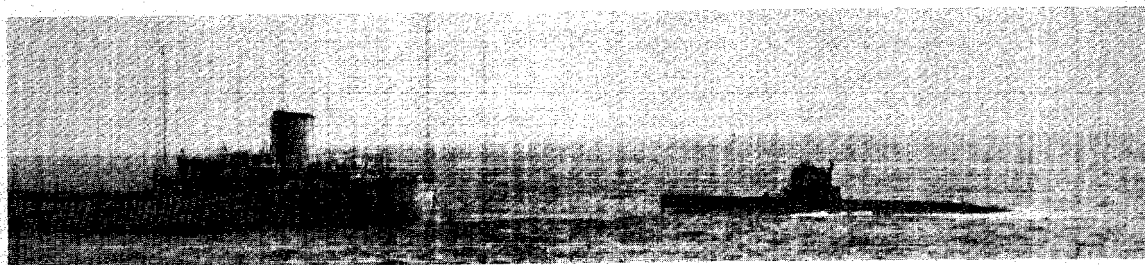
SOVIET NAVAL ACTIVITIES IN PHILIPPINE SEA

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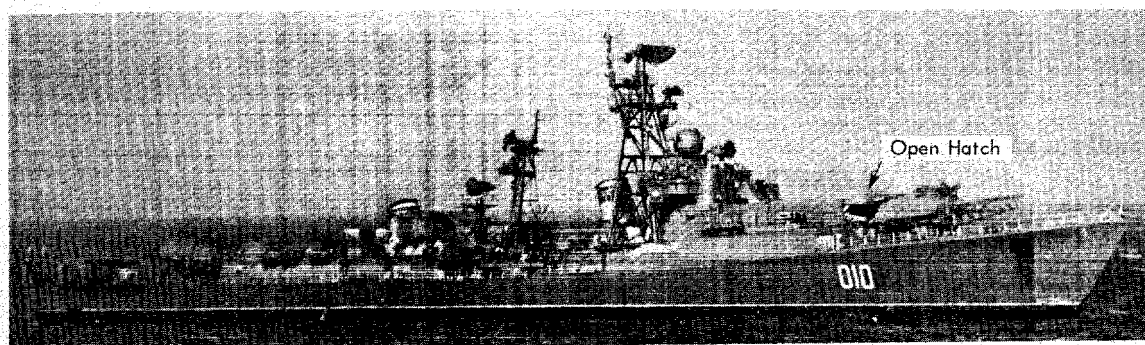


Under-way refueling of Soviet destroyer. (Until recently, Soviets used less efficient bow-to-stern method shown in photo below)

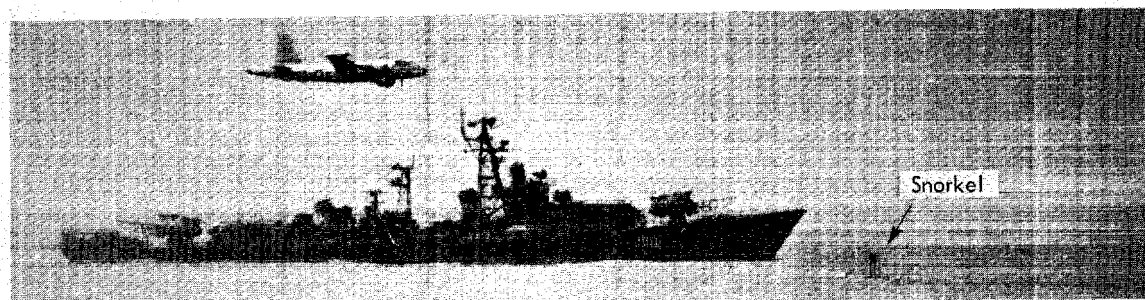
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Bow-to-stern refueling of W-class submarine from Soviet oiler Alatyr in the Philippine Sea.



Krupnyy-class guided-missile destroyer in the Philippine Sea. Note open missile storage hatch.



Soviet destroyer in company with snorkeling W-class submarine. US patrol plane overhead.

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SOVIET NAVAL ACTIVITY IN THE PHILIPPINE SEA

The two Soviet destroyers and three submarines which had been in the Philippine Sea for the past month returned to Vladivostok last week. This was the fourth Soviet submarine and surface ship detachment to operate in those waters since such deployments began in January. To date, three destroyers including a guided-missile unit, at least ten torpedo-attack submarines, and four auxiliary ships have been involved.

The operations appear to be similar to those conducted by Soviet naval units in the Mediterranean during the past year, probably combining intelligence gathering with realistic training in extended operations. One of this year's deployments may have involved coordinated operations with Soviet long-range aerial reconnaissance missions while US

aircraft carriers were transiting the Philippine Sea. During two of the other operations a Soviet submarine was sighted near the new US Polaris base at Guam. In addition to visual surveillance of US naval activity, these Soviet naval groups almost certainly monitor the communications of US naval units in their area of operations.

The Soviet units have been seen conducting routine gunnery exercises, simulated torpedo firings, underway refuelings, and transfers at sea. The submarine skippers have shown proficiency in evasive techniques, using vigorous escape tactics, deception devices, and long stay-downs, but their diving procedures and surface broachings indicate poor submarine seamanship. Most units appeared to be well maintained, however.

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SOVIET DIFFICULTIES WITH AFRICAN STUDENTS

Moscow has apparently decided that its relations with African governments will deteriorate unless it can find some plausible explanation for unrest among African students in the USSR. Recent charges that US Embassy personnel are conducting "subversive activities" among the students serve this purpose, and expulsion of some of the student ringleaders may prevent future outbursts.

The recent difficulties appear to have begun with the murder of a Ghanaian student in Baku in March. Quick reaction by the Soviet authorities averted a repetition of student demonstrations which followed the death of a Ghanaian student in December 1963. The most recent incident, however, did lead to protests by African and Asian students against inferior conditions at a number of provincial institutes of higher learning, including Baku and Kharkov. A number of Kenyan students then tried to leave the USSR, but were prevented by Soviet authorities until the Kenyan Embassy intervened in their behalf. Since then, the Soviets have adopted different tactics.

The US Embassy in Moscow reported at the end of May that there was evidence that the Soviets have been expelling African students from their schools and sending them home, alleging anti-Soviet activity or academic deficiencies. Reportedly, two Tanzanian students were expelled from Lumumba University despite the protests of their

embassy, on charges of espionage and collaboration with the US. Incipient student protests were put down by Soviet threats to expel all students in their next-to-last year.

In an effort to deflect protests from African countries, the USSR has mounted a campaign to blame the US Embassy for the student unrest. In expelling US cultural attaché Norris Garnett on 11 May the USSR charged "subversive activities" which included inciting dissidence and inducing African students to leave the USSR. The heavy propaganda barrage following the expulsion of Garnett was clearly designed to discourage African students from associating with US diplomats or visiting the US Embassy library.

The latest tirade against the US Embassy--an article entitled "Spy Mania and Naked Kings" published in Izvestia's weekly supplement on 29 May--further sought to discourage contact between the embassy and African students. Although previous incidents apparently have not damaged its relations with African countries, Moscow now may believe that continued publicity about student complaints will lead to difficulties on a political level. At a time of cooling US-Soviet relations, Moscow will probably continue to attack the US as the cause of its student problems in the hope of avoiding difficulties with the African countries.

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CZECHOSLOVAKIA'S PROBLEMS WITH ITS YOUTH

The Prague regime is increasingly concerned with its failure to mold a "socialist"-minded youth.

The Czech de-Stalinization program, now in its third year, has been utilizing methods and slogans more Western than Communist in conception. Such tactics not only permitted greater freedom of expression but set up a progressively growing appetite for it. Student reactions were if anything compounded by the regime's clumsy efforts to hide its more liberal attitude in political, economic, and social fields behind Marxist clichés. The problem was further complicated by the policy of improved relations with the West which, by increasing tourism and cultural exchanges, was importing Western influences.

This situation culminated in the crowning of visiting US beatnik "poet" Allen Ginsberg as King of the Majales--a May Day youth festival. This student celebration had been suspended since 1956 because it had become an occasion for anti-regime expression. As a symbol of nihilism and antiauthoritarianism, Ginsberg had long been a favorite of the Czech students. A week after the festival, he was expelled for "undesirable" influence over Czech youth. President and party first secretary Novotny in a subsequent speech pointedly referred to the problems created by a "recent visitor" and admonished that the regime must henceforth be more discriminating.

Revival of the Majales Festival was apparently permitted in exchange for student assurances that there would be no repetition this May Day of the politically oriented poetry readings which have erupted into antiregime demonstrations regularly since 1962. Nonetheless students in the May Day parade pulled a broken-down horse-drawn trolley tagged "Czechoslovak economy," while others, dressed as infants with pacifiers in their mouths, carried placards demanding more academic freedom. Mlada Fronta, the official youth union newspaper, later ran pictures of students in the Prague and Bratislava parades with placards reading "whoever cannot read and write can always quote" and "criticize only the dead." Rude Pravo, the party daily, commented on both the slogans and Ginsberg's election as king as illustrations of the inadequate ideological work among students.

Up to now the regime has been relying on published criticism of Western, specifically US, culture to influence and help control the youth. In some cases, reasonably straight-forward studies have attempted to explain the pro-Western, anti-Communist attitude of the young and educate them. The state-sponsored Czechoslovak Union of Youth was reorganized to make it more responsive to the interests of the members. The failure of these tactics may cause the regime to return to more repressive measures.

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Last Published Photograph of Mao Tse-tung



Photograph in Peiping People's Daily, 27 March 1965, shows Mao with a delegation of Arabs belonging to the "Palestine Liberation Organization."

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MAO TSE-TUNG'S HEALTH IN QUESTION

Mao Tse-tung's failure to appear in public during the past eight weeks--his longest absence since 1962--has prompted speculation in the Western press that he is seriously ill, possibly as a result of a stroke. A Foreign Ministry spokesman in Peiping has denied these rumors with the claim that "Chairman Mao is in excellent health"--and in fact he may be just resting on a prolonged vacation. Nevertheless, his age (71), suggestions of past cardiovascular troubles, and certain peculiarities about his current absence justify the speculation that his health has declined so sharply that he is unable to perform even light ceremonial duties.

If this is the case, and Mao is nevertheless able to retain control, policy decisions made by the Peiping regime may become increasingly arbitrary and irrational. In some ways, this could resemble the situation in Moscow during Stalin's last months.

Mao left the capital about the middle of March for his favorite resort villa in Hangchow, near Shanghai. At first, and as is usual, he continued to take part in some ceremonial activities even though on vacation. For example, twice in late March and once in early April he received touring delegations of foreign officials.

Since then, however, Mao has received no foreign visitors and has missed several important events he would normally interrupt a vacation to attend. He apparently did not see Le Duan

and other North Vietnamese leaders at any time during their 19-23 April visit to China following their trip to Moscow. Mao's failure to play a role in the red-carpet treatment given to Le Duan is all the more unusual in light of the currently sharpened Sino-Soviet competition for influence in Hanoi.

Mao was not at the funeral on 13 April of politburo member Ko Ching-shih, with whom he had seemed especially close in recent years. All the other top leaders, of course, appeared. Mao was also absent from this year's May Day festivities, although this by itself is not especially significant since he has occasionally missed these in the past.

Gaps in Mao's public appearances were long and frequent in 1957 and from 1959 through 1962, periods when he is suspected of suffering some illness such as a stroke. He pulled out of this slump at the end of 1962, however, and maintained a heavy schedule of activities almost without break through 1963, 1964, and early 1965.

The length of time since Mao's last appearance and the recent anomalies in his pattern of activity at least raise the possibility that he has had a relapse. This could result in a leadership crisis in Peiping, but he might be able--even if physically crippled--to retain control over the levers of power for some time if conflicting ambitions among his lieutenants kept them from agreeing on the necessity for his removal.

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Asia-Africa

NASIR ON THE DEFENSIVE

Palestine and the Jordan waters issue have sharply divided Arab opinion, with Syria castigating Nasir's inaction. The recent conference of Arab League prime ministers, convened to close Arab ranks after Tunisian President Bourguiba called for a negotiated settlement with Israel and refused to attend Arab League meetings, produced only inconclusive squabbling. Nasir, fearing a total collapse of Arab unity and loss of personal stature, answered mounting criticism in an unscheduled 31 May speech to the Palestine National Congress. In defending his policy of avoiding a military collision with Israel, he revealed a deep-seated fear of such a war.

Syria, the most vociferously militant of the eastern Arab states, is demanding that the Jordan water diversion projects get under way, with adequate military support from the United Arab Command. Nasir tried to argue that Arab action is possible only when the Arab League, now torn by internal dissension and conflict of interest, is unified. He contended further that the military strength of most Arab states is inadequate even for defensive purposes, and that talk of an offensive is premature. While Egypt's defenses are adequate, Nasir stated, the 50,000 Egyptian troops tied up in the republican cause in

Yemen limit his offensive strength. He implied that Arab water-diversion projects should be postponed until Arab military forces are considerably stronger.

Syria's reaction to Nasir's rationalization was bitter. Prime Minister Hafiz, whose Damascus radio has been attacking the other Arab states for weakness, pointed to recent Israeli shelling of Syria's diversion projects and denounced Nasir's speech as an admission that Syria stands alone in confronting Israeli aggression. Hafiz wrote off the United Arab Command as an effective instrument of Arab military action.

While Nasir defended his policy of avoiding war with Israel, he had to disassociate himself from the policy of "compromise and humiliation" he said was espoused by Bourguiba. Israel must be destroyed, Nasir reiterated, in order to return the Palestinians to their homeland. But Israel, he warned, armed by imperialists who also apply economic pressures to Egypt, is a powerful enemy, and only "Arab Revolutionary Action" is capable of liberating Palestine. By calling for such "action"--which is obviously divorced from any real plans--Nasir evidently intends to divert attention from his increasingly obvious reluctance to force Arab-Israeli issues.

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ANTIREGIME PRESSURES BUILDING UP IN GHANA

As Ghana prepares for carefully controlled parliamentary elections on 9 June, pressures against the Nkrumah regime are building up. Antigovernment demonstrations seem increasingly likely, and a major challenge to the regime could develop.

Ghana's troubles derive mainly from economic difficulties brought on by years of regime extravagance and mismanagement and aggravated by low world prices for cocoa, the chief export. As the government's debts have mounted and its foreign exchange has dwindled, the populace is being squeezed by wage ceilings, rising prices, and commodity shortages. A stiff new social security tax is to go into effect on 1 July, and the regime has taken steps to reduce the price paid to cocoa farmers by 25 percent.

No significant improvement seems likely as long as Nkrumah rules. He has reacted with indifference to a series of stringent financial reforms recommended recently by the International Monetary Fund, to which he had reluctantly turned after Western countries declined to consider requests for massive new assistance. Yet he has almost no chance of obtaining the type of help he requires from either his Soviet or Chinese friends.

Ghana's neighbors are increasingly disturbed about

Nkrumah's external adventures. He has had noisy altercations this year first with Togo, then with Nigeria, and, most recently and seriously, with the whole group of moderate French-speaking states led by Ivory Coast. The latter have focused their diplomatic and propaganda campaign against radical subversion in Africa mainly on Ghana, and Nkrumah's domestic stature as well as his foreign position is probably suffering as a result.

In this climate, a proliferation of protest demonstrations in Ghana seems a real possibility even though the regime's apparatus of suppression is still widely feared. In late May, inhabitants of an Accra suburb aroused by a controversial slum clearance project staged a riot, and other groups with grievances may be encouraged to follow suit, especially as the government appears to have backed down in the face of the recent violence.

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Antiregime elements of the military and police might take advantage of any outburst of discontent to try to oust Nkrumah.

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AFRICAN MODERATES PRESS POLITICAL OFFENSIVE AGAINST RADICALS

Prodged by Ivory Coast President Houphouet-Boigny, leaders of conservative French-speaking African regimes are carrying forward their drive to counter radical African and Communist influences on the continent. The immediate result has been to magnify pan-African political tensions and to cloud the future of the Organization of African Unity (OAU).

At a meeting on 26 May in Abidjan, capital of Ivory Coast, nine of the conservative states declared Congo (Leopoldville) a full member of the African and Malagasy Common Organization (OCAM). This latest version of an old African grouping was organized last February with 13 ex-French territories and Rwanda as original members. The move to admit Leopoldville, in the works for several weeks, is the product of a conviction that a moderate victory in the Congo is essential to the success of the conservatives' "struggle for Africa." They calculate that by ending Tshombé's diplomatic isolation they have strengthened his regime politically and made it possible for them to send Leopoldville military and technical aid in the future.

With Tshombé participating, leaders of all ten states then proceeded to a new denunciation of Ghana's President Nkrumah, whom most of them regard as the chief Communist dupe and most dangerous source of subversion in Black Africa. Their communiqué stated flatly that they will not participate in the regular OAU summit conference this September if it is held

as scheduled in Accra, the Ghanaian capital. This hard line reflects specific new complaints that Nkrumah has continued to support exiled elements from OCAM states since the OCAM founders first raised the boycott threat at their February meeting.

In an effort not to appear anti-OAU, the Abidjan group promised to participate in a proposed special OAU foreign ministers' meeting to deal with the problem posed by the OCAM position. This possibly crucial meeting is set for 10 June in Nigeria.

Of the five original OCAM members which did not attend the 26 May meeting, the Central African Republic and Rwanda have associated themselves with its decisions, while Cameroon and Mauritania, both cool to Leopoldville's admission, have remained silent so far. The Brazzaville regime, only a nominal OCAM member from the beginning, has denounced the proceedings.

Meanwhile, Houphouet and his conservative allies are lobbying outside the OCAM circle, so far without conspicuous success. Ghana and other radicals are condemning the entire OCAM operation as an "imperialist" machination.

The maneuvering is certain to become more intense and embittered. This could lead to the early demise of the OAU, although Ethiopia and other influential "centrist" forces may yet come up with a formula enabling the organization to survive this particular crisis.

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DEVELOPMENTS IN THE CONGO

The Leopoldville government early last week resumed the offensive against the largest remaining rebel band in the northeast Congo. Clearing operations are continuing against scattered rebel resistance elsewhere.

Government columns from Paulis on 1 June captured Buta, an important rebel headquarters 200 miles northwest of Stanleyville. Many of the 100-odd European hostages there were reportedly killed before the insurgents fled into the forest. A follow-up campaign to clear this region will be a protracted, arduous operation, as much of the population is anti-government and the insurgents are still fairly well armed.

Government operations to clear the banks of the Congo River are also progressing well. Units which recently occupied Isangi--90 miles downriver from Stanleyville--are slowly extending their control in the area. A barge convoy recently reached Stanleyville without rebel harassment, the first vessels to do so since last August.

In the eastern Congo, government units from Kindu are

advancing slowly into the rebel-held areas west of Fizi against sporadic rebel resistance. Rebels in the Lake Tanganyika area continue to threaten Albertville, but the government still holds strategic locations north of the city.

The Congolese political situation is quiet, as the two political rivals--Premier Tshombé and President Kasavubu--both have been traveling outside the capital recently. Kasavubu made his first visit to the hinterlands since the rebellions swept the eastern sections of the country. Tshombé is on an extended trip in Europe. Following a short audience with De Gaulle in Paris, Tshombé went to Brussels, and plans to visit Geneva and Madrid before returning to Leopoldville.

The official results of the April elections for the National Assembly and the provincial legislatures have not yet been released, and this delay will hold up the selection of the national Senate by the provincial bodies. The election of the president--the source of the Kasavubu-Tshombé conflict--is scheduled to occur six months after parliament convenes.

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Europe

DE GAULLE AND ERHARD TO MEET NEXT WEEK

The De Gaulle - Erhard talks in Bonn on 11 and 12 June are unlikely to resolve basic differences on such issues as European political and economic unity and German reunification. In view of the approach of German elections, Erhard probably will not press his views strongly enough to worsen relations with Paris. De Gaulle, for his part, will stand firm on basic issues but is likely to give the appearance of some flexibility to allay growing disenchantment in Germany with his policies.

The inconclusive result of the preparatory talks on 24 May between the two foreign ministers strengthens the likelihood that little substantive progress will be made at the upcoming meeting. Paris has made clear its opposition to a summit meeting of the Six on European political unification without some guarantee of success, and it refuses to give the EEC an independent source of revenue or to extend the budgetary powers of the European Parliament. Moreover, the French seem to be unnecessarily irritating in pushing publicly their position that Germany's neighbors must have a role in resolving the question of German reunification.

German officials see little reason to expect De Gaulle to

be more forthcoming on these issues in his talks with Erhard. Nevertheless, Erhard may feel constrained to seek assurance on De Gaulle's call for "Europeanization" of the unification question and on his recent flirtation with Moscow.

The chancellor reportedly is now resigned to postponing an EEC summit on political unity until after the German election. He may press for some agreement, however, on the timing and conditions for such a meeting. Erhard apparently intends to remain firm in support of the proposals made by the EEC Commission and opposed by the French for future financing of the common agricultural policy (CAP). He may try to make clear to De Gaulle that he will agree to an interim financial arrangement acceptable to Paris only in return for concessions on the political organization of the community.

The chancellor is doubtless anxious to avoid a public quarrel with a major ally just before the elections, and De Gaulle will probably be willing to make some gestures of good will in Bonn's direction. These might include reaffirmation of support "in principle" for a summit meeting of the Six and a public recognition of the need to make some progress on the German problem.

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Western Hemisphere

SITUATION IN THE DOMINICAN REPUBLIC

The military situation in Santo Domingo remains largely unchanged, with the opposing Dominican forces effectively separated from each other by troops of the Inter-American Peace Force (IAPF).

The National Palace--which had been held by loyalist forces --was effectively neutralized on 2 June as the result of a new agreement. This building and its environs had constituted the last remaining area where IAPF forces were not interposed between the rebels and the loyalist forces. Repeated violations of the informal cease-fire agreement have occurred in this section as well as in the area of the city's main power plant on the city's eastern edge. Negotiations to neutralize the National Palace had appeared to falter on several occasions, but on 1 June Antonio Imbert agreed to withdraw all but 25 of his soldiers there, thus making the agreement possible.

[redacted] loyalist troops in the northern part of the city have continued to shift positions and rumors of a loyalist offensive are rampant. Imbert's troop movements appear primarily designed as psychological pressure tactics to unnerve the rebels--a campaign that may have been at least partially successful [redacted]

Imbert Call for Elections

Politically, perhaps the most significant event of the past week was the 1 June decision of Imbert's Government of National Reconstruction (GNR) to call for open elections under the auspices of the Organization of American States (OAS). Important details of the plan evidently were not yet worked out at the time of its announcement, but the junta proposed that the OAS set an election date and supervise the election itself, that none of the five members of the present junta run for office, and that all legally enrolled political parties be permitted to participate.

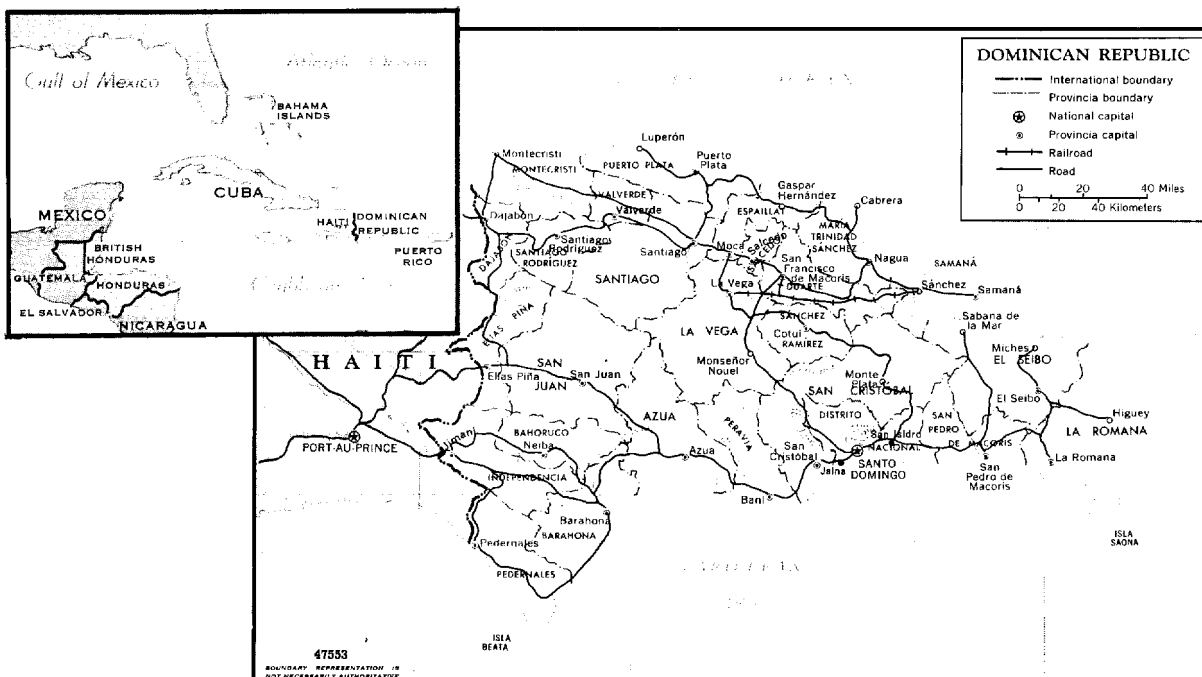
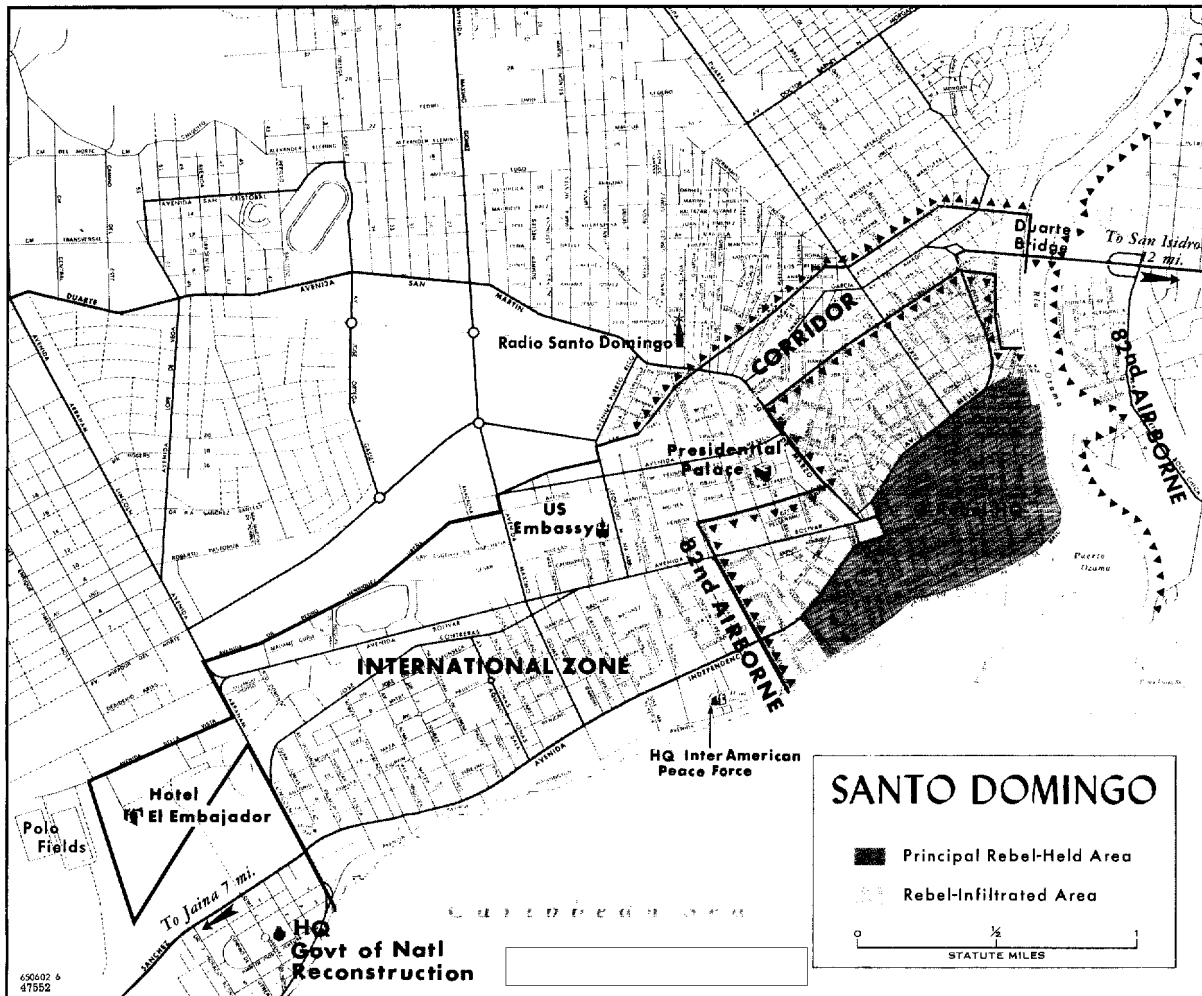
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The GNR initiative appears to have developed spontaneously during a meeting largely devoted to other matters, according to US Ambassador Bennett.

The rebels appear to have been caught largely off balance by the sudden appearance of the Imbert proposal. After an initial silence, Caamano rejected it on 2 June [redacted]

Caamano's reaction was expected. Aside from the fact that it was unilaterally advanced by the Imbert side, the plan says nothing about the 1963 constitution--which to most of the rebels still embodies all they have been fighting for. The plan also fails to mention what sort of government would rule until a newly elected one took over. Caamano's flat rejection of the Imbert proposal may have put his side further on the psychological defensive.

Other Political Initiatives

An earlier Imbert political initiative appears to have collapsed almost immediately, but it could be resurrected quickly at some later date. On 30 May the GNR offered to expand its five-man junta to a total of nine members, with two additional persons to be drawn from ousted president Juan Bosch's Dominican Revolutionary Party and two from ex-President Joaquin Balaguer's Reformist Party. The proposition--which clearly was aimed at winning a broader base of political support for the GNR by recruiting members from the country's two most im-

portant political groups--appears to have elicited cool or negative reactions from officials of both parties.

Other moves to break the political deadlock in the Dominican capital are still under development. The country's leading independents are suggesting the formation of a government from among apolitical groups not involved in the struggle. Since late last week a group of Santiago and Santo Domingo civic leaders--principally businessmen and professionals--have been actively seeking a compromise solution to end the political and military impasse. Although the group is hampered by its rather narrow upper- and middle-class make-up, it is attempting to devise a progressive program that would win support for it from the country's predominant poorer classes.

Situation in the Interior

The advent of the rainy season after a prolonged drought has brought fresh problems to the country's interior in the form of severe flooding in many areas. General restlessness over the political situation has been more noticeable recently, and there are rumors of imminent disturbances in some towns.

Two serious but apparently isolated outbreaks of violence have been reported from the interior recently. On 30 May, an incident involving an attempt by part of a leftist-incited crowd to capture

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arms from a police station resulted in two deaths and several injuries in the north-central town of San Francisco de Macoris. The demonstration was quickly put down and there have been no significant repercussions. On the night of 2 June, one rebel was killed in similar action against police and army facilities in and near the provincial capital of San Juan in the southwestern section of the country.

Role of the OAS

Meanwhile, the Organization of American States has moved more vigorously during the past week to expand earlier areas of agreement between the contending Dominican factions and to step up its peacemaking efforts in general. As recently as 1 June, however, OAS Secretary General Jose Mora--the organization's appointed mediator of the conflict--was being charged by both the Caamano and Imbert camps with showing favoritism to the other side. Each faction also accused Mora of harboring desires to "take over the country," and each called for the OAS official's removal from the Dominican Republic. On 1 June, however, Imbert appeared to have a change of heart--perhaps induced by fear of a significantly increased UN presence in the coun-

try should the OAS role be reduced--and his government abruptly reversed its position, warmly commending Mora for his efforts to resolve the crisis.

The position of the OAS was also bolstered by the signing of the agreement on the demilitarization of the National Palace on 1 June and by the Imbert regime's move of the same day proposing OAS-regulated elections. These developments, as well as the 2 June designation of the US, Brazilian, and Salvadoran envoys to the OAS as a special team to assist Mora, have improved the prospects for an effective OAS role in achieving a settlement of the crisis.

Latin American troop elements are assuming roles of more and more importance in the peacekeeping operations of the Inter-American Peace Force. The neutralization of the National Palace, for instance, was accomplished effectively and smoothly on 2 June by members of the Brazilian contingent of the force. Now including 1,562 men from five countries (Brazil, Costa Rica, El Salvador, Honduras, and Nicaragua), Latin American troops are continuing to arrive in the Dominican capital. A Paraguayan unit may shortly join the IAPF.

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URUGUAY'S ECONOMIC AND POLITICAL STATE REMAINS UNSTABLE

The economic and political picture in Uruguay continues dark. On 28 May the National Council of Government moved to take over the autonomous central bank. A new provisional directorate was named following disclosure that three of the five former directors were apparently implicated in a payoff scandal which came to light when the government took over the Transatlantic Bank on 21 April. This action, along with other palliative measures, probably will not remedy the basic deficiencies of the financial system or restore confidence in the overextended banks.

The uncertain banking situation is reflected in the foreign exchange market where the cost of dollar exchange has risen by about a third in the last month and may go higher. Foreign exporters reportedly are willing to export to Uruguay only if they receive an irrevocable letter of credit. In addition, foreign creditors to whom the government owes \$40 million payable in the next three months may well follow the lead of Chase Manhattan Bank in refusing to extend their loan.

Uruguayan officials continue to evince concern over reports in the responsible Brazilian press that Argentine and Brazilian leaders have formulated plans to intervene in Uruguay to forestall Communist and extremist exploitation of the growing political and economic deterioration. Brazil has in fact been exerting psycholog-

ical pressure on Montevideo to straighten out its deepening problems, but there is no firm evidence that the Brazilians are engaged in anything more than contingency planning at the moment.

it is probable that for the time being the general decline will continue without any radical change. Pressures for constitutional and economic reforms will increase, but immediate and significant progress is unlikely.

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BOLIVIA BEGINS MINE REFORM

The attention of the Bolivian military junta has been directed this week to putting into effect a decree aimed at reorganizing the state mining corporation (COMIBOL). Maneuvering for political advantage by junta co-presidents Barrientos and Ovando appears relatively subdued at this time.

The COMIBOL decree, issued on 23 May, became legally effective on 1 June. If correctly implemented, the measure will drastically reform labor-management practices in the national mine system. Its salient points include reduction of miners' salaries and bonuses, worker retirement and commissary controls, a profit-sharing system, regulations regarding layoffs and firing, and prohibition of labor activities on company time. COMIBOL is declared to be in a state of emergency until rehabilitation has been accomplished. During this time, the corporation is authorized to hire, transfer, or lay off employees in accordance with the needs of rational operation.

The government is thus taking a firm hand in readjusting a labor-management relationship which has long been blatantly favorable to labor. Years of labor indiscipline in the mines, encouraged by Communist and ex-

treme leftist union leaders, have pushed COMIBOL into near bankruptcy, with resultant damage to the whole economy. Bolivia depends on mineral exports for more than 90 percent of its foreign exchange earnings.

Thus far there have been no incidents as government interveners enter the mines to begin the reorganization program. Army troops are standing by in the mine areas, however, ready to move at any sign of serious resistance by the miners. Extremist leaders are having little success in organizing opposition to the reform measures and, according to press reports, several top labor leaders have fled from the area to go into hiding. A number of agitators are still in the mines, however.

The Barrientos-Ovando power struggle could cause a government setback in the mines. The two men are working behind the scenes to discredit one another, and it is evident that Ovando could try to use Barrientos' personal commitment to the COMIBOL reforms as a political weapon by sabotaging the program. Ovando is known to hold different views on settlement of the mine problem in any case. Serious internal government dissension at this point probably would frustrate the reform program and could bring about a renewal of violence.

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COLOMBIA'S "POSTCRISIS" SITUATION

The imposition of a state of siege on 21 May and the resignation of the controversial rector of the University of Antioquia seem to have placated for the moment the spirit of unrest that swept over Colombia in the last two weeks of May. In general, President Valencia handled the crisis well, although one cabinet member has resigned. Valencia's restraint in the use of force, especially in the face of almost 150 injuries to members of the National Police and other security forces, contributed to the early solution of the problem even though this stirred up some discontent in the military.

Valencia's troubles are far from over, however, and may be magnified in the near future. The students gained prestige through the discharge of the Antioquian rector, in spite of the fact that his inability to administer the university had been evident long before the riots began and had already led to discussion of his resig-

nation by Valencia and the cabinet. The Communist-front student group, thus emboldened, and other Communist-influenced youth groups almost certainly will agitate against the state of siege. Extremists of right and left probably will induce protests against it by cliques under their control and perhaps will find a good sounding board for their propaganda in the current special session of congress.

Valencia apparently plans to use his special powers under the state of siege to decree economic and social reform measures. One new tax discussed in the Bogota press would be on foreign exchange transactions, and would have an effect similar to devaluation. Any resulting increase in the cost of living would be bitterly resented by labor union members and other urban and rural low-income earners, whose proclivity to express their dissatisfaction in violence is a constant source of danger.

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United Nations

UNITED NATIONS AND REGIONAL ORGANIZATIONS

The Dominican crisis has brought into prominence the question of the UN's relations with the OAS and other regional organizations. After the Security Council's initial decision to send an observer to Santo Domingo, the USSR took the lead in challenging the US claim of primary jurisdiction for the OAS rather than the UN. Although Soviet motives are transparent, there has been little support in the Security Council for the US position. In fact, neither of the resolutions approved by the council even mentioned the OAS, and Uruguay, one of its two Latin American members, joined the USSR in asserting the primacy of the UN.

Uruguay was motivated by its firm adherence to the principle of nonintervention. Some of the other members have supported UN involvement in the Dominican crisis at least in part because they doubt the ability of the OAS to achieve a solution. There are also legal and political considerations involved, including interpretations of the UN Charter. The charter provides for "regional arrangements and agencies," but also specifies that the Security Council must be kept fully informed of their activities and must give authorization for any "enforcement actions." The lines of jurisdiction between the world organization and the

regional organizations have never been clearly delineated.

There is deep concern in Latin America lest further UN involvement in the Dominican Republic set a precedent detrimental to the historic primacy of the OAS in western hemisphere matters. A majority of the Latin American countries are now drafting a letter to the Security Council which will assert this primacy and propose that the OAS and UN coordinate their actions. Other UN members have warned, however, that assertion of primacy by regional organizations poses a threat to the universal jurisdiction of the UN. Secretary General Thant appears to share their concern that assertion of exclusive OAS jurisdiction in the Dominican case may prejudice the UN's relations with other regional organizations such as the Organization for African Unity and the Arab League. He has stated that recognition of an OAS right to take enforcement action would make it necessary to concede similar competence to the OAU in its region.

Many countries are disturbed by other possible effects of establishment of a doctrine of regional primacy. They fear that such a doctrine would be used to justify the intervention of a regional organization in matters within national jurisdiction.

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